

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: UTILICORP UNITED INC.	DOCKET NO. WRU-99-14-225
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ORDER GRANTING WAIVER

(Issued December 16, 1999)

On April 12, 1999, UtiliCorp United Inc. (UtiliCorp) filed with the Utilities Board (Board) an application for waiver of IOWA CODE §§ 476.76 and 476.77 (1999) and IOWA ADMIN. CODE 199-chapter 32 (1999). The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection and response on April 20, 1999. Consumer Advocate said it needed to conduct discovery to ascertain whether the application for waiver should be granted. The Board issued orders on May 28, September 9, and October 28, 1999, requiring the parties to file reports detailing the status of discovery. Discovery was continually delayed because of UtiliCorp's delays in completing its filing before the Missouri commission. The Missouri filing was ultimately made and on December 8, 1999, Consumer Advocate notified the Board it had reviewed the Missouri filing and was withdrawing its conditional objection.

UtiliCorp proposes to merge with St. Joseph Light & Power (St. Joseph), a Missouri gas and electric company with 66,000 customers. St. Joseph operates in a

ten-county area in northwest Missouri. After the merger, St. Joseph will become an operating unit of UtiliCorp. The proposed merger is valued at \$270 million.

UtiliCorp is a Delaware corporation with its principal place of business in Missouri. UtiliCorp operates in the state of Iowa through one of its operating divisions, Peoples Natural Gas Company. UtiliCorp does not provide electric service in Iowa.

IOWA CODE § 476.76 (1999) provides "reorganization" means the acquisition, sale, lease, or any other disposition, directly or indirectly, including by merger or consolidation, of the whole or any substantial part of a public utility's assets. Neither the statutes nor the rules found in IOWA ADMIN. CODE 199-chapter 32 (1999) limit the Board's jurisdiction to acquisitions or sales of Iowa assets.

UtiliCorp's proposed transaction exceeds the \$5 million or 3 percent of Iowa revenue threshold for the acquisition of assets contained in IOWA ADMIN. CODE 199-32.2(1) and does not qualify as an exempt transaction pursuant to IOWA ADMIN. CODE 199-32.2(3). However, IOWA CODE § 476.77 (1999) states the Board "may waive the requirements of this section, if the board finds that board review is not necessary in the public interest." The standards for review in section 476.77 indicate the important questions are the impact of the acquisition on the utility's ability to attract capital, the utility's ratepayers, and the public interest generally.

None of the assets involved in the merger are located in Iowa and none are subject to rate or service regulation by the Board. Service to Iowa customers will not

be affected and the transaction should not impact the utility's ability to attract capital. In 1998, UtiliCorp posted sales of \$12.6 billion and had assets of \$5.9 billion. For a utility this size, the acquisition of a relatively small traditional utility like St. Joseph should have no impact on UtiliCorp's Iowa operations. Based on the representations made by UtiliCorp in its application for waiver, the Board finds UtiliCorp has established that Board review of the proposed transaction is not necessary in the public interest. A waiver of IOWA CODE §§ 476.76 and 476.77 and IOWA ADMIN. CODE 199-chapter 32 will be granted.

IT IS THEREFORE ORDERED:

UtiliCorp United Inc.'s application for waiver, filed April 12, 1999, is granted. The application of IOWA CODE §§ 476.76 and 476.77 (1999) and IOWA ADMIN. CODE 199-chapter 32 (1999) to the transaction discussed in the body of this order is waived.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 16th day of December, 1999.